
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : CRIMINAL COMPLAINT

v. :

PATRICK G. MALLOY :
Mag. No. 03-5027

I, William C. Monks, being duly sworn, state the following is true and correct to the best of my knowledge and belief.

On or about June 15, 2002, in Burlington County, in the District of New Jersey, and elsewhere, defendant

PATRICK G. MALLOY

did knowingly, willfully and corruptly attempt to persuade another person, with the intent to influence, delay, and prevent the testimony of that person in an official proceeding and to cause and induce that person to withhold testimony from an official proceeding, in violation of Title 18, United States Code, Sections 1512(b)(1), 1512(b)(2) and 2.

I further state that I am a Special Agent with the Federal Bureau of Investigation and that this complaint is based on the following facts:

SEE ATTACHMENT A

continued on the attached page and made a part hereof.

WILLIAM C. MONKS
Special Agent
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,
on this 16th day of July, 2003 at Trenton, New Jersey

HONORABLE TONIANNE BONGIOVANNI
UNITED STATES MAGISTRATE JUDGE

Signature of Judicial Officer

ATTACHMENT A

I, Williams C. Monks, a Special Agent with the Federal Bureau of Investigation, having conducted an investigation and spoken with other individuals, have knowledge of the facts detailed below. This affidavit has been written for the sole purpose of supporting the attached complaint and application for arrest warrant. As such, it does not include everything that I have learned during the course of this investigation. All statements that I have attributed to others, including the descriptions of statements made in a tape-recorded conversation, have been set forth in substance and in part.

1. Since in or about 1968 through the present, defendant Patrick G. Malloy has served as Mayor of New Hanover Township, New Jersey.

2. At all times relevant to this complaint, James J. Nash held numerous salaried municipal positions in New Hanover Township, New Jersey, including Township Administrator, Town Clerk, Chief Financial Officer, Treasurer and Purchasing Agent. Mr. Nash also held the salaried position of Treasurer of School Funds for the New Hanover Township Board of Education (the "New Hanover BOE"). The New Hanover BOE was responsible for, and had the authority to, administer the federal, state and local funds that it received to operate the public schools in New Hanover Township, New Jersey.

3. According to an employee of the New Hanover BOE, consistent with New Jersey State Public Schools contract law, at all times relevant to this complaint, it was the practice of the New Hanover BOE to consider two or more quotes from vendors prior to awarding a contract to a vendor for a project that would cost less than \$12,900 -- the threshold below which a formal bid process was not required -- and more than \$2,580.

4. According to individuals who were members of the New Hanover BOE in 1999, in or about April, 1999, the New Hanover BOE was considering whether to engage a vendor to remove and replace the then-existing sidewalk in front of the New Hanover Township School (the "sidewalk job"). The cost of the project was anticipated to be below the bid threshold and to be funded by a portion of the federal funds that the New Hanover BOE was to receive that year.

5. According to James J. Nash, on or about April 15, 1999, there was a meeting at which, among others, James J. Nash, a local vendor ("Vendor 1"), a then-member of the New Hanover BOE (the "BOE Member") and defendant Patrick Malloy, were present. James J. Nash and the BOE Member have explained to me that, prior to that meeting, James J. Nash, the BOE Member and defendant Patrick G. Malloy, among others, agreed and understood that the New Hanover BOE sidewalk job would be steered to a relative of defendant Patrick G. Malloy (the "Relative"). Both James J. Nash and the BOE Member have stated that prior to the meeting, the BOE member obtained a type-written quote from the Relative which priced the sidewalk job at \$11,500. According to Nash and the BOE Member, it was confirmed at the meeting that they would obtain two fabricated written quotes for higher prices in the names of local vendors that would be submitted to the New Hanover BOE along with the Relative's quote. It was anticipated that the New Hanover BOE would believe that all three quotes were *bona fide*, and award the sidewalk job to the Relative, who would have the

lowest price. At his guilty plea proceeding in federal court on June 16, 2003,¹ James J. Nash admitted that he obtained one of the fabricated quotes, by directing another New Hanover Township employee (the "Township Employee") to prepare that fabricated quote in the name of a second local vendor ("Vendor 2"). Vendor 2 has confirmed that he did not participate in, or at the time have any knowledge of, the preparation of a quote for the sidewalk job in his name.

6. Later that day, at the April 15, 1999 evening meeting of the New Hanover BOE, according to the BOE Member, Nash and BOE records, the Relative's quote and the two fabricated quotes were submitted to the New Hanover BOE for its consideration. The fabricated quotes priced the sidewalk job at \$11,950 and \$12,200, respectively. At that meeting, based upon the three quotes submitted, the New Hanover BOE awarded the sidewalk job to the Relative. New Hanover BOE records indicate that in or about July, 1999, the New Hanover BOE issued a check to the Relative in the amount of \$11,500, in payment for the completed sidewalk job. According to James J. Nash and the New Hanover BOE business administrator, the \$11,500 payment was funded by federal funds received by the New Hanover BOE that year.

7. On or about May 24, 2001, I went to the offices of the New Hanover BOE and asked the business administrator to provide me with, among other items, documents that related to the New Hanover BOE awarding the sidewalk job to the Relative of defendant Patrick G. Malloy.

8. In or about May 2002, the Township Employee admitted to me that, at James J. Nash's direction, he had typed up a fabricated quote in the name of Vendor 2 and inserted a price that was higher than the quoted price that the Relative had submitted, but was less than the bid threshold. The Township Employee admitted that, at the time, he knew that the fabricated written quote was going to be submitted to the New Hanover BOE in order to steer the sidewalk job contract to the Relative. The Township Employee agreed to cooperate with the Government's investigation.

9. On or about June 15, 2002, the Township Employee met with James J. Nash² and defendant Patrick G. Malloy at the New Hanover Township municipal offices. The meeting was recorded by the Township Employee, who was acting at the direction of the FBI. At that meeting, the Township Employee told Nash and defendant Malloy that he had been granted immunity and subpoenaed to testify before the grand jury regarding the sidewalk job. At various points during the conversation, defendant Patrick G. Malloy instructed the Township Employee, in substance, that he should withhold information and make certain misrepresentations to the grand jury.

¹ On June 16, 2003, James Nash pleaded guilty to a one-count information charging him with obtaining by fraud, converting without authority and intentionally misapplying money from the New Hanover Township Board of Education by causing fabricated vendors' quotes to be submitted to the Board of Education in order to steer a Board of Education contract to a relative of a New Hanover Township official, in violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.

² At the time of this recorded conversation, James J. Nash was not yet cooperating with the Government.

10. A significant portion of the conversation addressed what the Township Employee could say to cover up the fact that Vendor 2's quote had been fabricated by the Township Employee and that Vendor 2 had never put in a quote for the sidewalk job. Defendant Patrick G. Malloy expressed his concern that Vendor 2 may have truthfully told the government that he never provided a quote for the sidewalk job. Specifically, defendant Patrick G. Malloy wondered "[h]ow the fuck [are we] gonna find out what [Vendor 2] said." After the Township Employee stated that the government would get the Township Employee for lying if Vendor 2 told the government that Vendor 2 didn't give the Township Employee the quote, "and I say Vendor 2 did . . .", defendant Patrick G. Malloy affirmed: "Yeah, they gonna say, you lied to the grand jury."

11. Another portion of the conversation focused on what the Township Employee would say in the grand jury if the government knew that the Township Employee typed up Vendor 2's quote. The Township Employee asked what he should say about typing the quote. Defendant Patrick G. Malloy instructed the Township Employee to falsely say that "[Vendor 2] said 'type it up;' 'Vendor 2 told [the Township Employee] type it.'" At another juncture in the conversation, defendant Patrick Malloy suggested that the Township Employee should falsely say that Vendor 2's son directed the Township Employee to type up the quote for the sidewalk job. Specifically, defendant Patrick Malloy stated "I'd bring the kid (meaning Vendor 2's son) in on it."

12. Finally, at least twice during the conversation, defendant Patrick G. Malloy told the Township Employee, in substance, to respond to the questions put to him in the grand jury by misleading the grand jury by saying that he couldn't remember, rather than making any statements about what occurred. Specifically, defendant Patrick G. Malloy told the Township Employee "[j]ust don't recall" and to tell the grand jury "I don't recall nothing." At another juncture in the conversation, defendant Patrick G. Malloy told the Township Employee "... words you gotta use, and you gotta be careful, is 'I don't recall who it was;' 'I just can't remember this far back now;' 'It's been three years ago and I just don't remember who I talked to.'"

CONTENTS APPROVED

By _____
Assistant United States Attorney